

Sustainable Practices, Stakeholder Engagement and The Growth of Small and Medium Agro-Processing Enterprises in Uganda

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ABSTRACT

Sustainable practices are globally recognised as growth drivers. However, there exist paucity of knowledge on their adoption in developing countries, especially in agro-processing small and medium enterprises (SME's). This study is premised on triple bottom line (TBL) and stakeholder theories. The study sought to examine the relationship between sustainable practices, stakeholder engagement, and the growth of agro-processing SMEs in Uganda. The study objectives were; to assess the relationship between environmental, social, and economic sustainability practices and SME's growth; to evaluate the mediating role of stakeholder engagement, and to explore lived experiences of SME owners' in implementing sustainable practices. A cross-sectional descriptive design, integrating quantitative and qualitative approaches, was used. Data were collected from a stratified sample of 367 SMEs within the Greater Kampala Metropolitan Area obtained from a population of 4,226 agro-processing SMEs. Data analysis was done using SmartPLS version 4, and NVIVO version 14 for quantitative and qualitative respectively. Findings show that environmentally, socially, and economically sustainable practices significantly enhance SME growth, with stakeholder engagement partially mediating these effects. In addition, the finding shows that SMEs should not only focus on sustainable practices but also on quality production, effective marketing and management practices. In conclusion, there is need to integrate sustainable practices, build strong relationships with stakeholders and improve marketing and management practices for agro-processing SMEs in Uganda to achieve long-term growth and contribute positively to their enterprises, communities, and the environment. This study fills a gap in understanding the connection between sustainable practices and SME growth in Uganda, and recommends the introduction of a sustainability growth model that underscores the importance of stakeholder engagement in the growth strategy of agro-processing SME's.